

SOFTBANK CORP.
CONSOLIDATED FINANCIAL REPORT
For the nine-month period ended December 31, 2006

Tokyo, February 8, 2007

FINANCIAL HIGHLIGHTS

1. Results of Operations

(Millions of yen; amounts less than one million yen are omitted.)

	Net sales		Operating income		Ordinary income (loss)		Net income	
	Amount	%	Amount	%	Amount	%	Amount	%
Nine-month period ended December 31, 2006	¥1,822,369	124.9	¥197,285	606.8	¥111,615	-	¥21,933	23.1
Nine-month period ended December 31, 2005	¥810,258	44.2	¥27,912	-	¥(2,255)	-	¥17,819	-
Fiscal year ended March 31, 2006	¥1,108,665		¥62,299		¥27,492		¥57,550	

	Net income per share — primary (yen)	Net income per share — diluted (yen)
Nine-month period ended December 31, 2006	¥20.79	¥20.25
Nine-month period ended December 31, 2005	¥50.70	¥47.31
Fiscal year ended March 31, 2006	¥54.36	¥50.71

Note: Percentage changes for net sales, operating income, ordinary income (loss) and net income are compared with the corresponding period of the previous fiscal year.

2. Financial Condition

(Millions of yen; amounts less than one million yen are omitted.)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (yen)
As of December 31, 2006	¥4,191,853	¥695,897	6.4	¥253.74
As of December 31, 2005	¥1,748,605	¥312,925	12.5	¥623.32
As of March 31, 2006	¥1,808,398	¥347,263	13.4	¥229.88

3. Cash Flows

(Millions of yen; amounts less than one million yen are omitted.)

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the period
Nine-month period ended December 31, 2006	¥258,332	¥(2,028,660)	¥1,722,831	¥393,423
Nine-month period ended December 31, 2005	¥43,968	¥12,331	¥(44,885)	¥337,122
Fiscal year ended March 31, 2006	¥57,806	¥27,852	¥30,078	¥446,694

4. Scope of Consolidation at December 31, 2006

Consolidated subsidiaries:	115
Equity-method non-consolidated subsidiaries:	2
Equity-method affiliates:	69

5. Changes in Scope of Consolidation (Comparing with March 31, 2006)

Consolidated subsidiaries:	
Newly added:	10
Excluded:	48

Equity-method non-consolidated subsidiaries and affiliates:	
Newly added:	12
Excluded:	28

6. Earnings forecast for the fiscal year ending in March 2007 (April 1, 2006 – March 31, 2007)

(Millions of yen; amounts less than one million yen are omitted.)

	Net sales	Operating income	Ordinary income (loss)	Net income
Fiscal year ending March 31, 2007	¥ -	¥ -	¥ -	¥ -

Due to the introduction of unprecedented new sales and pricing methods in our main telecommunications business, especially in the mobile communications business, forecasting the consolidated business results for the fiscal year ending in March 2007 is difficult. A forecast of the consolidated business results will therefore be announced as soon as a logical estimate can be made.

Management Policies

1. Fundamental Management Policies

Since their establishment, SOFTBANK CORP. (hereafter “the Company”) and the SOFTBANK Group (hereafter “the Group”) have followed the core management philosophy of “Endeavoring to benefit society and the economy and to maximize enterprise value by fostering the sharing of wisdom and knowledge gained through the IT revolution.” The Group is working to facilitate the realization of the true ubiquitous society, where broadband will enable anyone to access all kinds of information at any time and anywhere.

As a corporate group based on Internet-related businesses, the Group will not limit itself to its existing role as a comprehensive telecommunications carrier. Rather, by providing both information infrastructure and content as a comprehensive digital information company, the Group aims to make people's lifestyles and business styles more affluent and enjoyable and to be the global No. 1 corporate group in the broadband era.

2. Medium-and-Long-Term Strategies

As a comprehensive digital information company in the ubiquitous society, the Group aims to integrate fixed-line and mobile through broadband and to seamlessly develop a range of broadband content over that infrastructure. In this way, the Group's medium-and-long-term strategies target the maximization of Group revenues and enterprise value through the establishment of unique business models for the broadband era that will generate long-term, stable income from its infrastructure businesses, increasing returns from its portal businesses, and diversified sources of profit from its content businesses.

(1) Expanding market share and bolstering financial position in the mobile communications business

The Company entered the mobile communications business with the acquisition of Vodafone K.K. (currently SOFTBANK MOBILE Corp.) in April 2006, the third-largest company in the mobile phone industry at that time. The short-term issues faced in that business and our initiatives are described in more detail in Section 3 below. As a medium to long term strategy, we will strive to improve profitability and expand our market share by resolving these short-term issues, thereby enhancing customer satisfaction and leading to a higher ARPU*¹ and a lower churn rate.

At the end of November 2006, SOFTBANK MOBILE Corp. (hereafter “SOFTBANK MOBILE”) used a WBS*² fund-raising scheme to raise ¥1.366 trillion, thereby completing the long-term refinancing of the ¥1.280 trillion bridge facility used for the April 2006 acquisition of Vodafone K.K. As a result, the shareholders' equity ratio at the end of the third quarter of the fiscal year ending March 2007 declined to 6.4% from 13.4% at the end of March 2006. However, leveraging improved profitability in the mobile communications business, we will continue to repay debt systematically, and bolster our financial position.

*1. ARPU: Average Revenue Per User

*2. WBS: Whole Business Securitization is a structured financing scheme. Under WBS, the business is securitized on the basis of the cash flow generated from the business, thereby increasing the certainty of repayment.

(2) Expanding broadband content

The Group is targeting further expansion of the content available on the broadband infrastructure. The elimination of areas with no broadband service is an objective of the Ministry of Internal Affairs and Communications'

Next-Generation Broadband Strategy 2010. Along with the growth in the household penetration rate of fixed-line broadband access services, the realization of broadband capabilities in mobile communications is also expected. The Group believes that from now on it will be important to provide appealing broadband content, such as video and social networking services (SNS).

In November 2006, together with News Corporation Group, the Company established MySpace Japan K.K., which will operate *MySpace Japan*, the Japanese version of “MySpace”, the world’s largest SNS by number of registered members. The trial launch of the new service was commenced in November.

In addition, we received official permission from the Ministry of Education, Culture, Sports, Science and Technology for the establishment of “Cyber University”, a four-year university that will offer all courses over the Internet, in November 2006. It will open in April 2007.

In addition to substantially improving the services and content available under the Group's brand, including *Yahoo! JAPAN*, the Group will strive to expand broadband content through alliances with leading content providers in Japan and overseas.

(3) Rapidly establishing ubiquitous, seamless broadband infrastructure

To realize a ubiquitous, seamless broadband environment, the Group aims to provide a comprehensive range of telecommunications means.

In the broadband infrastructure business, the Group's *Yahoo! BB ADSL* service has driven the popularization of broadband in Japan. The Group will continue to implement R&D targeting the commercialization of various new technologies, such as FTTR^{*3} and high-speed PLC^{*4}.

In mobile communications, we are taking steps toward the realization of mobile broadband, such as the installation of base stations for third-generation (3G) mobile phones and the October 2006 launch of *3G High-Speed*, a high-speed data communications service using HSDPA^{*5}. In addition, in December 2006 the Ministry of Internal Affairs and Communications granted us a trial operator's license for base stations for IEEE 802.16e-2005 (Mobile WiMAX), which makes even higher-speed wide-area mobile wireless access services possible. Targeting commercialization of this technology, we have commenced a field trial.

In the future, we will integrate fixed line and mobile infrastructure at the broadband level at an early stage. This will be executed by linking the above to next-generation high-speed mobile services such as Mobile WiMAX or other Group resources, such as wireless LAN networks.

*3. Fiber To The Remote terminal: From NTT central offices to equipment located near the user's premises, transmission is handled over fiberoptic technology, like that used with FTTH. From the nearby transmission equipment, which is installed on such structures as telephone poles, to the user, transmission is handled over metal wire technology, like that used with ADSL.

*4. Power Line Communications: Technology for using power lines in housing and commercial buildings for communications transmission.

*5. High Speed Downlink Packet Access: A high-speed data transmission protocol for 3G mobile communications systems.

(4) Providing broadband content developed in-house to customers around the world

Japan has the world's least expensive high-speed fixed-line broadband infrastructure and is also expected to achieve broadband capabilities in the field of mobile communications. The Group is striving to be the No. 1 corporate group

in the domestic market for broadband content, and in the future, we will implement a strategy of utilizing this broadband content in countries around the world.

In the future, the Group will expand the unique broadband business model developed by the Group and enlarge profit opportunities on a global basis.

3. Important Management Issues

(1) Mobile Communications Initiatives

In the mobile communications market, mobile number portability (MNP^{*6}) was instituted in October 2006, and competition among mobile phone companies has intensified. In this environment, to acquire new customers through increased customer satisfaction and to maximize the cash flow from the mobile communications business, the Group is implementing the following four key initiatives.

1. 3G Network Enhancement

At the end of December 2006 the number of 3G base stations was 25,588 compared to 24,539 at the end of September 2006, representing an increase of 1,049 during the third quarter.

In addition, from October 2006 on we started providing *3G High-Speed* HSDPA data communication service in part of Tokyo's 23 wards and other major (government decreed) cities. By the end of January 2007 we expanded the service area to the remaining major (government decreed) cities throughout Japan.

The total of 3G base stations in service and the candidate properties for which the owners have given consent (including those under construction) is scheduled to exceed 46,000 in February 2007. Our first goal was to have 46,000 3G base stations in service by the end of FY2007. Currently we estimate that the work will be completed during the first half of FY2008.

2. 3G Handset Lineup Enrichment

We continue to work on enhancing our lineup of 3G handsets.

For the fall/winter sales campaigns, we announced an extensive lineup of 16 models available in 69 colors, such as the SoftBank 910SH by Sharp, which features the industry's first 3x optical zoom and an autofocus 5-megapixel camera, and the SoftBank 707SC, by Samsung, an ultra-slim model with a thickness of about 11.9 mm. Of these 16 models, 14 were released in the third quarter. In addition, the AQUOS Mobile 905SH by Sharp won the highest recognition when it received the Nikkei Sangyo Shimbun Award in the 2006 Nikkei Superior Products and Services Awards. This handset can receive one-segment broadcasts--digital terrestrial broadcasts for mobile devices--and features a cycloid-style LCD that can rotate 90 degrees.

In January 2007 we announced a lineup of 14 new models for the spring sales campaign with *fashion* as a key word. The SoftBank 812SH by Sharp offers 20 color variations in one model, and the SoftBank 708SC by Samsung, is only about 8.4mm thick. The spring campaign models also include the Kodomobile (Mobile for kids) SoftBank 812T by Toshiba, which will be the first SoftBank handset designed for children and equipped with GPS functions. The spring campaign models will be released from the beginning of February 2007 on.

3. Content Enhancement

In October 2006, we commenced the provision of innovative mobile Internet content. For example, the new *Yahoo! Keitai* mobile Internet portal site links to *Yahoo! JAPAN* with just a press of the *Y!* button, and *Yahoo! mocoa*^{*7}, is an application that integrates multiple communications services, such as *Yahoo! JAPAN*'s popular *Yahoo! Mail* and *Yahoo! Messenger*. In addition, the number of digital comic titles available for SoftBank 3G handsets exceeded 3,000 in November 2006.

Moreover, when we launch the Kodomobile SoftBank 812T, by Toshiba, which is planned for late February, we also plan to start *Yahoo! Kids*, a portal site that will provide content suitable for elementary school students. While leveraging synergies within the Group, such as ongoing tie-ups with Yahoo Japan Corporation (hereafter "Yahoo Japan"), we will continue to enhance our mobile content offerings.

4. Enhancement of Sales Structure

We are working to bolster SoftBank Shops and further strengthen our sales structure. At the same time, we are reinforcing the handling of SOFTBANK MOBILE products through mass electronics retailers, one of the Group's powerful sales channels. In addition, we are utilizing the marketing and customer bases of SOFTBANK TELECOM Corp. (hereafter "SOFTBANK TELECOM") to strengthen the corporate sales system.

In October 2006, we introduced new rate plans, such as the Gold Plan, the Orange Plan, and the Blue Plan, and flat-rate services, such as "Unlimited Packet Use Discount!" Further, in January 2007 we introduced the White Plan, a simple plan where, for domestic service, the monthly basic charge is ¥980 (including tax), voice calls between SoftBank users are free between 1:00am and 9:00pm, and other calls are charged at a flat rate of ¥21 per 30 seconds (including tax). Moreover, on March 1, 2007 we will introduce a White Plan discount service under the name "White" that will offer domestic calls at half price, ¥10.5 per 30 seconds (including tax), for an additional monthly basic charge of ¥980 (including tax).

In SOFTBANK MOBILE advertisements that were placed in the October 26, 2006, morning editions of newspapers, and in TV commercials that were broadcast from October 26 to November 2, small type was used to display the conditions that are required for free calls under the Gold Plan + New Super Bonus. In December 2006, a warning was received from the Japan Fair Trade Commission based on the concern that consumers may have been misled, impeding fair competition. SOFTBANK MOBILE has taken the warning seriously and sincerely and is striving to ensure that its materials are easier to understand.

*6. Mobile Number Portability: A system that allows mobile phone users to switch to another operator without changing their mobile phone number

*7. Yahoo! mocoa: Yahoo! mobile communication application

(2) Broadband infrastructure initiatives

The FTTH access service in Japan has spread rapidly. Nonetheless, the cost and speed of the Group's *Yahoo! BB ADSL* service have received broad support from customers, and at this point, we believe that this service has sufficient capacity for customers to enjoy a wide range of content over broadband.

While the Group will make every effort to acquire new customers to maintain its customer base for *Yahoo! BB ADSL* of over 5 million lines, we will continue our R&D activities targeting the commercialization of new technologies that will succeed ADSL, such as FTTR access services and high-speed PLC services.

On the other hand, a fair competitive environment in the FTTH access service market in Japan does not exist yet, not only concerning costs but also in such areas as procedural requirements. In this setting, the Group is maintaining a system that will enable it to start full-fledged operations once a fair competitive environment is established. For the near future, our basic policy is to develop operations in line with anticipated revenues.

(3) Fixed-line telecommunications initiatives

In fixed-line telecommunications operations, the consumer market continues to scale down due to the penetration of mobile phones and e-mail, but demand remains firm in the corporate market. In such an environment, SOFTBANK TELECOM continues to directly market fixed-line services to corporations, with an emphasis on the *Otoku Line* direct connection voice service.

In addition, SOFTBANK TELECOM has been developing and providing mobile solutions for corporate customers utilizing the services of SOFTBANK MOBILE, and will work aggressively to provide data services to corporate customers. With continuous cost reduction through the effective use of the Group's management resources, SOFTBANK TELECOM will work to enhance its profitability.

(4) Generation of a synergistic effect among Group companies

The Group will work to generate new synergies between new Group member SOFTBANK MOBILE, which joined the Group in the current fiscal year, and other Group companies. In October 2006, the Group built a unified system for its communications operations through the integration of the management systems of the Group's three communications companies (SOFTBANK MOBILE, BB TECHNOLOGY Corp., hereafter "BB TECHNOLOGY", and SOFTBANK TELECOM). Moreover, SOFTBANK MOBILE is taking steps to generate synergies in content and services, such as launching innovative mobile Internet content, including *Yahoo! Keitai*, *Yahoo! mocoa*, and *Yahoo! Kids*. The group will pursue various group synergies such as cost reduction through network integration and enlargement of our customer base and retail channels through sales synergies.

(5) Initiatives to become a comprehensive digital information company

As a corporate group of Internet-based businesses, the Group will not limit itself to its existing role as a comprehensive communications carrier. Rather, the Group will further enhance its appealing broadband content, such as through the *Yahoo! Streaming* video portal site, *MySpace Japan* and Cyber University, which offers all of its instruction over the Internet. As a comprehensive digital information company in the broadband era, the Group will work to develop innovative services in infrastructure, portals, and content and strive to clearly differentiate itself from competitors.

(6) Strengthening governance and compliance systems

The Group considers governance and compliance to be important management issues. The Company revised the SOFTBANK Group Charter, formulated the SOFTBANK Group Code of Conduct for Officers and Employees, and set up a Group Hotline.

Moreover, the Group will continue endeavoring to ensure that all Group employees strictly observe all applicable laws, regulations, and social norms in corporate and social activities and that the Group meets the expectations of all stakeholders, and to that end the Group will strive to see that the Group acts in accordance with an even higher level of ethical standards.

From the fiscal year commencing in April 2008, companies will be required to meet reporting standards for the evaluation of internal controls on financial reporting, commonly known as the Japanese SOX Act. Accordingly, we are moving forward with the establishment of a system for effective evaluation of internal control and for responding to the auditors.

Results of Operations and Financial Position

1. Consolidated Results of Operations

<Overview of Results for the Nine-Month Period ended December 31, 2006>

Net sales increased by ¥1,012,110 million, or 125% on a year-on-year basis, to ¥1,822,369 million. In regard to the April 2006 acquisition of Vodafone K.K. (currently SOFTBANK MOBILE Corp.), the company is included in the scope of consolidation from the end of April 2006, and its financial results were consolidated from May 2006. As a result, sales in the Mobile Communications segment, which was newly established in the current fiscal period, amounted to ¥1,014,788 million. In the Internet Culture segment, sales increased by ¥27,623 million, or 24 %, to ¥141,369 million, due to strong advertising revenues and to favorable tenant fees and system usage fees at *Yahoo! Auction* and *Yahoo! Shopping*. In addition, the Broadband Infrastructure and the Fixed-line Telecommunications segments also recorded strong performances.

Operating income was ¥197,285 million, an increase of ¥169,372 million, or 607%, from the same period of the previous fiscal year. The Mobile Communications segment, which was newly established in the current fiscal year, recorded operating income of ¥113,541 million. The Broadband Infrastructure segment recorded operating income of ¥19,415 million, an improvement of ¥11,064 million, or 132%, due to improved profitability in the FTTH (*hikari home*) and content businesses. In the Internet Culture segment, advertising revenues were strong, tenant fees and system usage fees at *Yahoo! Auctions* and *Yahoo! Shopping* were favorable. As a result, operating income rose ¥16,461 million, or 31%, to ¥69,354 million. Following enhanced profitability accompanying a change in the marketing strategy for the *Otoku Line* service of SOFTBANK TELECOM, the Fixed-line Telecommunications segment recorded an operating loss of ¥2,308 million, an improvement of ¥25,779 million in comparison to the same period of the previous fiscal year.

Ordinary income was ¥111,615 million, an improvement of ¥113,870 million from the ordinary loss of ¥2,255 million recorded in the same period of the previous fiscal year. Operating income increased ¥169,372 million. However, primarily due to the bridge loan accompanying the acquisition of SOFTBANK MOBILE and its refinancing, interest expense rose ¥33,029 million, to ¥53,539 million, and financing related expenses totaled ¥28,396 million.

Net income was ¥21,933 million, an improvement of ¥4,113 million, or 23%, from the same period of the previous fiscal year. Special income was ¥87,257 million. Major items included gain on sales of investment securities of ¥80,708 million following the sale of all the shares held in SBI Holdings, Inc., in August 2006, and the sale of a portion of the shares held in cyber communications inc., in December 2006. On the other hand, special loss was ¥21,949 million, due primarily to a loss on bond redemption of ¥10,429 million following the repurchase and redemption of Euro-denominated Straight Bonds due 2011 and to a trust debt assumption regarding straight bonds issued by SOFTBANK MOBILE. Current income taxes were ¥93,525 million, deferred income taxes were ¥33,253 million, and minority interest was ¥28,210 million.

<Results for the Nine-Month Period ended December 31, 2006 by Business Segment>

Mobile Communications

Net sales were ¥1,014,788 million, and operating income was ¥113,541 million. This segment, which was newly established in the current fiscal period, is principally comprised of the results of SOFTBANK MOBILE starting in May.

(Quarterly trends of the Segment)				(million yen)			
	FY2007			FY2006			
	2007/Q3	2007/Q2	2007/Q1	2006/Q4	2006/Q3	2006/Q2	2006/Q1
Sales	430,328	351,991	232,467				
Operating income	56,906	29,341	27,293	Newly established in FY2007			

As of the end of December 2006, SOFTBANK MOBILE had a total of 15,496,500 subscribers, an increase of 189,500 subscribers from the end of the second quarter. The net increase in December 2006 (new subscribers minus cancellations) was 97,000, the first net increase above 90,000 in the two years and nine months since March 2004. The shift from 2G to 3G accelerated, and the number of 3G subscribers reached 38.5% of the total number of subscribers, increasing by 1,398,100 subscribers from the end of the second quarter, to 5,960,500 subscribers. The increase in subscribers during January 2007 amounted up to 164,000 contracts.

Accompanying the introduction of new models for the fall and winter sales campaigns, unit sales of handsets to sales agents increased substantially, and as a result handset sales increased.

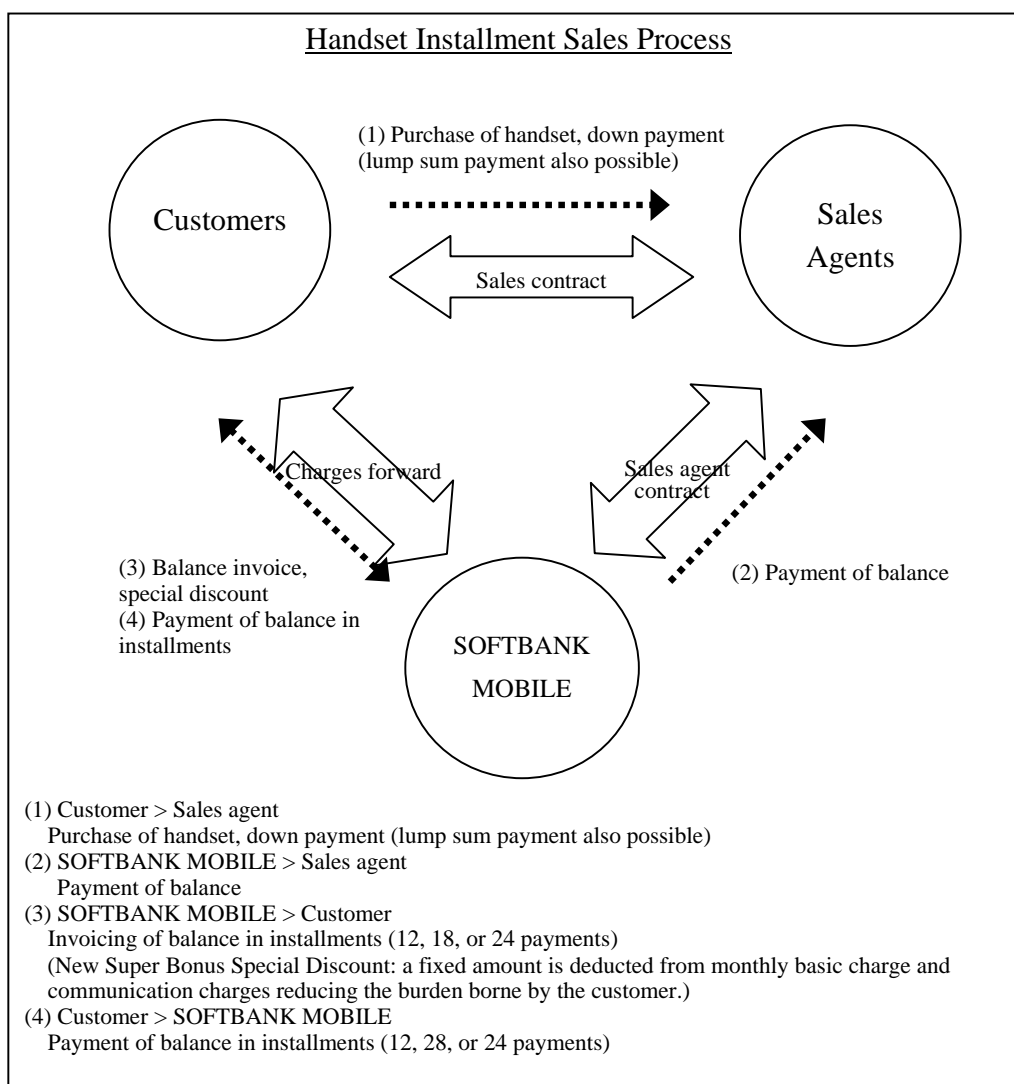
The churn rate in the third quarter temporarily reached 1.60% following the introduction of mobile number portability, an increase from 1.27% in the second quarter. The upgrade rate increased to 3.02%, or 0.49 percentage points, from 2.53% in the second quarter.

SOFTBANK MOBILE introduced the installment sales method for handsets in September 2006. This step was taken with the goal of establishing a framework that is fair for both customers who replace their handsets within short periods of time and customers who use the same handsets for relatively long periods of time. Under the installment method, customers who purchased a handset at the New Super Bonus sales price will pay for a portion of the handset cost in installments (lump-sum payment is also possible). At the same time the New Super Bonus Special Discount (constant sum discount) is applied to the monthly basic and communication charge, which are our remuneration for services provided, thus reducing the actual burden borne by the customer. (See Handset Installment Sales Process below.)

Due to the introduction of the installment sales method, the sales incentives for handsets decreased. This caused a decline in customer acquisition and retaining costs. We recognize the decrease of ARPU; however we expect that the new sales method will have an advantageous effect on long term user acquisition and the churn rate.

Due to the full-scale implementation of installment sales in the third quarter, average acquisition cost per user in the third quarter declined ¥21,400 from the second quarter, to ¥22,400.

For customers who subscribed under the New Super Bonus Plan, from October 26, 2006 to January 15, 2007, we offered the Softbank Grand Opening Campaign, which featured a rate plan with up to two months free of basic monthly charges and flat-rate packet communication charges (“Unlimited Packet Use Discount”). In the third quarter, ARPU was ¥5,560, a decline of ¥140 from the second quarter due to this free-of-charge period and seasonal factors.



Broadband Infrastructure

Net sales decreased by ¥871 million, or 0.4% from the same period of the previous fiscal year, to ¥196,317 million. Operating income was ¥19,415 million, an increase of ¥11,064 million or 132% compared to the same period of the previous fiscal year.

(Quarterly trends of the Segment) (million yen)

	FY2007			FY2006			
	2007/Q3	2007/Q2	2007/Q1	2006/Q4	2006/Q3	2006/Q2	2006/Q1
Sales	67,266	65,728	63,322	71,262	71,543	64,439	61,205
Operating income (loss)	7,747	6,189	5,479	12,321	9,361	3,483	(4,494)

The number of *Yahoo! BB ADSL* lines installed continued to increase steadily, reaching a total of 5.16 million at the end of December 2006. The ARPU of the ADSL business also continued to improve due to growth in the percentage of users

subscribing to high-speed service plans, such as *Yahoo! BB 50M*. For subscriber acquisition, the Group's efforts remain centered on mass electronics retailers. In the future, the Group will strive to take advantage of synergies, such as cross-selling *Yahoo! BB ADSL* services to SOFTBANK MOBILE's subscribers.

Concerning FTTH connection service, the Group is maintaining a state of readiness that will enable it to start full-fledged operations as soon as a fair competitive environment is established, but until that point is reached; our basic policy is to develop operations in line with anticipated revenues. The profitability of our FTTH business is improving. We will continue to implement R&D targeting the commercialization of various new technologies to succeed ADSL, such as FTTR and high-speed PLC.

Modem rental income is declining because BB TECHNOLOGY sold its modem rental business in December 2005. On the other hand, under the terms of a service agreement with BB Modem Rental Yugen Kaisha (hereafter "BB Modem Rental"), BB TECHNOLOGY is receiving servicing fees, incentives, and royalties. Net sales for the nine month period ended December 31, 2006 declined from the same period of the previous fiscal year due to a decrease in incentives payments from BB Modem Rental. However the ADSL business, excluding this impact, continues to record strong results.

Fixed-line Telecommunications

Net sales increased by ¥13,501 million, or 5%, to ¥275,662 million. Operating performance improved ¥25,779 million, to an operating loss of ¥2,308 million.

(Quarterly trends of the Segment)				(million yen)			
	FY2007			FY2006			
	2007/Q3	2007/Q2	2007/Q1	2006/Q4	2006/Q3	2006/Q2	2006/Q1
Sales	93,712	93,276	88,673	92,071	90,256	83,300	88,604
Operating income (loss)	(2,603)	(916)	1,212	2,928	(1,787)	(12,209)	(14,089)

SOFTBANK TELECOM positioned the *Otoku Line* direct connection voice service as its core voice service and continued to focus on marketing the business directly to corporate customers. The number of lines installed reached 1,140 thousand as of the end of December 2006.

In the fiscal year ended March 31, 2006, agency management and other responsibilities related to the *Otoku Line* business were transferred to JAPAN TELECOM INVOICE Co., Ltd. As a result, the profitability of the *Otoku Line* business is improving. In the third quarter, due to expenses related to operational integration following the June 2006 acquisition of services from HEISEI DENDEN CO., LTD and HDD COMMUNICATIONS CO., LTD, an operating loss was recorded, following an operating loss in the second quarter. In the future, SOFTBANK TELECOM will work to enhance its profitability by reducing costs through the effective use of the Group management resources. At the same time, SOFTBANK TELECOM will aggressively focus its management resources on strategic fields, such as providing mobile solutions, utilizing the services of SOFTBANK MOBILE, and data services to corporate customers.

Internet Culture

Net sales increased by ¥27,623 million, or 24%, to ¥141,369 million, and operating income increased by ¥16,461 million, or 31%, to ¥69,354 million.

(Quarterly trends of the Segment) (million yen)

	FY2007			FY2006			
	2007/Q3	2007/Q2	2007/Q1	2006/Q4	2006/Q3	2006/Q2	2006/Q1
Sales	50,049	46,676	44,642	42,374	42,214	36,896	34,635
Operating income	25,011	22,712	21,630	21,297	19,256	17,167	16,469

Yahoo Japan continued to record strong results in Internet advertising due to the provisioning of advertising products that meet the needs of advertisers and to the acquisition of smaller-scale advertisers including the stores on *Yahoo! Shopping*. In non-advertising business services, the number of stores registered in *Yahoo! Auctions* and *Yahoo! Shopping* increased, and as a result, tenant fees and commission revenues were favorable. In consumer services, the number of first-time bidders on *Yahoo! Auctions* increased substantially. This increase was the result of a campaign started in October 2006 that enabled anyone with a Yahoo Japan customer ID to place bids.

e-Commerce

Net sales decreased by ¥10,064 million, or 5%, to ¥189,549 million, while operating income rose ¥1,854 million, or 61%, to ¥4,871 million.

From the period under review, the Company applied “Practical solution on accounting for revenue recognition of software”(Financial Accounting Standards Implementation Guideline No.17 issued on March 30, 2006). As a result, the Company is required to present certain transactions as net sales from this fiscal year, net sales of certain software transactions were recorded at ¥850 million, which would have been the amount of gross profit if the previous accounting standard had been applied. Due to the netting with the amounts for goods purchased, net sales and cost of goods sold decreased by ¥22,227 million.

(Quarterly trends of the Segment) (million yen)

	FY2007			FY2006			
	2007/Q3	2007/Q2	2007/Q1	2006/Q4	2006/Q3	2006/Q2	2006/Q1
Sales	65,369	65,037	59,142	83,661	71,456	67,688	60,469
Operating income	2,010	1,399	1,461	1,843	1,473	817	726

Higher sales and profits were recorded in the distribution business of SOFTBANK BB Corp. (hereafter “SOFTBANK BB”). Although there were signs of sluggishness in software sales due to the imminent launch of Windows Vista™, SOFTBANK BB reinforced its sales system for corporate customers, and as a result, hardware shipments, such as PC servers and peripherals etc. increased. In the future, SOFTBANK BB will also focus on mobile services for corporate customers. In the consumer business, wholesaling to EC companies remained favorable. A shift of strategy in the distribution business towards the e-commerce and service businesses is being implemented as of the current period. As one facet of that initiative, BB Softservice Corp. was established in April 2006, through the corporate separation of SOFTBANK BB’s consumer ASP*1 service department, and made a full-scale operational start. In the future, by leveraging synergies among the Group companies, services offered to corporate customers will be strengthened and extended further.

*1. Application Service Provider: A company that rents application software etc. to customers through the Internet.

Others

The results of this segment include the performance of Broadmedia business (mainly Club iT Corporation), Technology Services business (mainly SOFTBANK TECHNOLOGY CORP. and IT Media Inc.), Media & Marketing business (mainly SOFTBANK Creative Corp.), and other businesses (mainly TV BANK Corp. and Fukuoka Softbank Hawks related businesses).

2. Financial Position

<Balance Sheet Analysis>

In the Company's consolidated balance sheet as of December 31, 2006 the new consolidation of Vodafone K.K. (currently SOFTBANK MOBILE Corp.) from the end of April 2006 had the effect of increasing current assets by ¥476,537 million, non-current assets by ¥2,030,984 million (including goodwill of ¥1,091,455 million), current liabilities by ¥364,913 million, and long-term liabilities by ¥1,512,398 million (including ¥1,365,602 million in long-term borrowings raised through the WBS financing scheme and an increase of ¥84,596 million due to subordinated loans by Vodafone International Holdings B.V.). The issuance of BB Mobile Corp. preferred stock allocated to Vodafone International Holdings B.V. raised net assets by ¥300,000 million.

Current assets increased by ¥364,099 million from the end of the previous fiscal period, to ¥1,109,229 million. Principally as a result of the new consolidation of SOFTBANK MOBILE, the Company recorded increases of ¥282,345 million in notes and accounts receivable-trade, ¥54,754 million in short-term deferred tax assets, and ¥ 29,062 million in inventories, such as mobile phone handsets. In addition, other current assets increased by ¥57,675 million due to increases in receivables and prepaid expenses. On the other hand, principally as the result of payments related to the acquisition of SOFTBANK MOBILE, cash and deposits declined by ¥51,533 million.

In the nine month period ended December 31, 2006 notes and accounts receivable increased as a result of higher receivables from customers, due to full-fledged sales of handsets under the installment sales, and higher receivables from sales agents due to a larger number of handsets sold.

Property and equipment, net increased by ¥575,735 million, to ¥994,341 million. Primarily as a result of the new consolidation of SOFTBANK MOBILE, the Company recorded increases of ¥472,227 million in telecommunications equipment, such as base stations and switching equipment, ¥30,444 million in buildings and structures, such as network centers, and ¥10,715 million in land. In addition, construction-in-progress increased by ¥37,325 million.

Intangible assets increased by ¥1,271,906 million, to ¥1,374,193 million. Primarily as a result of the new consolidation of SOFTBANK MOBILE, goodwill increased by ¥1,098,940 million and software increased by ¥149,658 million.

Investments and other assets increased by ¥168,051 million, to ¥709,433 million. Primarily as a result of the new consolidation of SOFTBANK MOBILE, long-term deferred tax assets increased ¥132,296 million and other assets including long-term prepaid expenses rose ¥45,485 million. Although Yahoo Japan acquired shares in The Japan Net

Bank, Limited, investment securities declined ¥9,863 million due to the sale of all shares in SBI Holdings, Inc. etc.

Current liabilities increased by ¥526,913 million, to ¥1,113,816 million. Principally due to the new consolidation of SOFTBANK MOBILE, accounts payable-other and accrued expenses rose ¥230,981 million, and accounts payable-trade rose ¥98,721 million. Cash receipts as collateral rose ¥50,000 million. In addition, due primarily to gain on the sales of investment securities, income taxes payable rose ¥47,455 million. The Group does not utilize notes payable to settle accounts. Due to the refinancing of the bridge loan, used for the acquisition of SOFTBANK MOBILE, the loan was converted into long-term debt in the third quarter.

Long-term liabilities increased by ¥1,507,907 million, to ¥2,382,139 million. Due primarily to the refinancing of the bridge loan used in the acquisition of SOFTBANK MOBILE, long-term debt rose ¥1,511,580 million. As a part of the new consolidation of SOFTBANK MOBILE, an allowance for point mileage of ¥44,787 million was recorded.

Net assets increased by ¥348,633 million, to ¥695,897 million. Minority interest in consolidated subsidiaries rose ¥323,583 million, primarily due to the issuance of BB Mobile Corp. preferred stock allocated to Vodafone International Holdings B.V.

<Cash Flow Analysis>

During the nine-month period ended December 31, 2006, net cash provided by operating and financing activities was ¥258,332 million and ¥1,722,831 million, respectively, while net cash used in investing activities was ¥2,028,660 million. As a result, cash and cash equivalents at the end of the period amounted to ¥393,423 million, a decrease of ¥53,270 million from the end of the previous fiscal year.

Net cash provided by operating activities was ¥258,332 million. Income before income taxes and minority interest amounted to ¥176,922 million. Non-cash items included depreciation and amortization, excluding amortization of goodwill, totaling ¥135,120 million and amortization of goodwill amounting to ¥42,565 million. Adjustments included the subtraction of gain on sales of marketable and investment securities, net, of ¥80,518 million, which is included in income before income taxes and minority interest and the addition of interest expense of ¥53,539 million. In addition, increase in receivables was ¥112,760 million and increase in payables was ¥55,284 million. Interest paid was ¥37,360, and income taxes paid, for Yahoo Japan and others, was ¥45,890 million.

Net cash used in investing activities was ¥2,028,660 million. This principally reflected the payment of ¥1,844,046 million for acquisition of interests in subsidiaries newly consolidated, net of cash acquired, related to the acquisition of SOFTBANK MOBILE and others, and purchase of property and equipment and intangibles totaling ¥230,461 million as a result of capital investment, principally in the Mobile Communications, Broadband Infrastructure, and Fixed-line Telecommunications segments. In addition, purchase of marketable and investment securities was ¥102,571 million, while proceeds from sales of marketable and investment securities, due primarily to the sale of all shares of SBI Holdings, Inc. and the sale of a portion of the shares held in cyber communications inc. were ¥159,339 million.

Net cash provided by financing activities was ¥1,722,831 million. Long-term debt rose ¥1,586,970 million, and short-term borrowings, net, increased by ¥20,645 million, principally on account of funds raised for the acquisition of SOFTBANK MOBILE. Due primarily to the issuance of BB Mobile Corp. preferred stock that was allocated to Vodafone International Holdings B.V., proceeds from issuance of shares to minority shareholders was ¥300,331 million. In addition, proceeds from issuance of bonds were ¥72,668 million, redemption of bonds was ¥205,302 million, and repayment of long-term debt was ¥74,827 million.

3. Information about forecasts for the fiscal year (consolidated)

In the Group's core communications business, especially the mobile communications business, the Group has introduced the installment sales method for mobile handsets and a range of rate plans to meet diverse customer needs. These include sales and pricing methods that have no precedent in the industry and it is therefore not possible to estimate customer trends for them. At this point it is difficult to make performance forecasts.

To aggressively provide enhanced information disclosure to shareholders and investors, consolidated performance forecasts will be announced at the point when rational estimates are possible.

The SOFTBANK Group

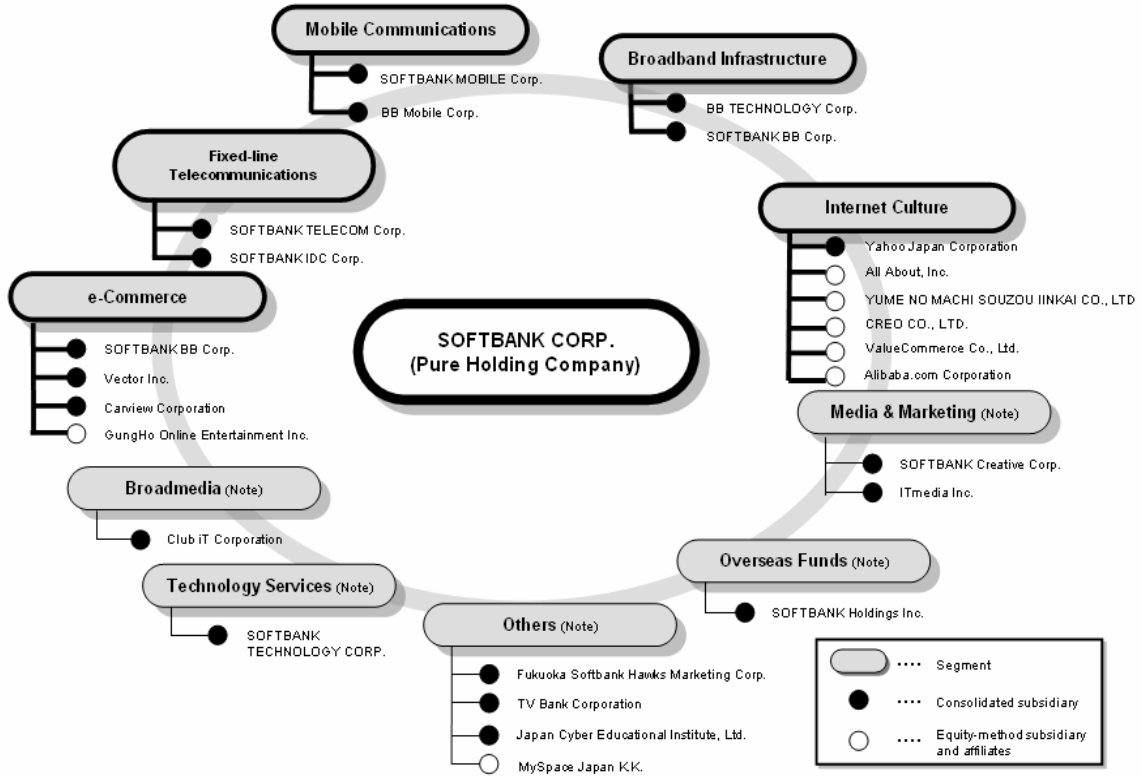
As of December 31, 2006, the SOFTBANK Group included 115 companies with operations in ten business segments as follows.

Business segments	Consolidated subsidiaries	Equity-method non-consolidated subsidiaries and affiliates	Principal products and operational content of each business
1. Mobile Communications	(Note 1) 5	1	Mobile communication services, and sale of cellular phones accompanying to its services
2. Broadband Infrastructure	(Note 2) 6	2	ADSL and fiber-optic high-speed Internet connection service, IP telephony service, provision of content and other operations
3. Fixed-line Telecommunications	(Note 2) 6	-	Fixed-line telecommunications such as voice transmission service, data transmission service, private leased circuit and data center service
4. Internet Culture	(Note 2) 16	16	Internet-based advertising operations, broadband portal business, and Internet-based auction business
5. e-Commerce	(Note 2) 9	3	Distribution of PC software and such hardware as PCs and peripherals, enterprise solutions, and diversified e-commerce businesses, including business transaction platform (B2B) and consumer-related e-commerce (B2C)
6 Others:			
Broadmedia	9	1	Broadband service such as broadcasting and communications; support for procurement of content
Technology Services	1	-	System solution business and business solution business
Media & Marketing	3	-	Book and magazine publication in such areas as PCs, the Internet, entertainment, etc., and development of web content specializing in IT
Overseas Funds	38	38	U.S.- and Asia-focused global venture capital business principally focused on Internet-related companies
Others	22	10	Leisure and service business, holding company functions for overseas operations, and back-office services in Japan
Total	115	71	

Notes

1. Mobile Communications segment was established from this fiscal year due to the consolidation of SOFTBANK MOBILE Corp. and its consolidated subsidiaries.
2. SOFTBANK BB Corp., SOFTBANK TELECOM Corp. and Yahoo Japan Corporation are included in the consolidated subsidiaries of the e-Commerce, Fixed-line Telecommunications and Internet Culture segments, respectively, while SOFTBANK BB Corp., SOFTBANK TELECOM Corp. and Yahoo Japan Corporation operate multiple businesses and their operating results are allocated to multiple business segments.
3. Due to the consolidation of SOFTBANK MOBILE Corp. and its subsidiaries from this fiscal year, certain subsidiaries were not consolidated as the individual and aggregate amounts were not considered material in relation to the consolidated total assets, net sales, net income (loss) and retained earnings (accumulated deficit) of the SOFTBANK consolidated financial statements.

The diagram of major subsidiaries and affiliates in the business segments are as follows;



Note: Broadmedia, Technology Services, Media & Marketing, Overseas Funds, and other segments are included in “Others” segment.

CONSOLIDATED BALANCE SHEETS

(Millions of yen; amounts less than one million yen are omitted.)

	As of December 31, 2006		As of March 31, 2006		Increase (Decrease)	As of December 31, 2005	
	Amount	%	Amount	%		Amount	%
ASSETS							
Current assets:							
Cash and deposits	¥394,772		¥446,306		¥(51,533)	¥336,442	
Notes and accounts receivable - trade	471,266		188,921		282,345	177,678	
Marketable securities	7,022		4,372		2,649	10,218	
Inventories	79,659		50,597		29,062	57,312	
Deferred tax assets	68,861		14,107		54,754	3,132	
Other current assets	105,925		48,250		57,675	55,445	
Less:							
Allowance for doubtful accounts	(18,279)		(7,424)		(10,854)	(7,278)	
Total current assets	1,109,229	26.5	745,130	41.2	364,099	632,952	36.2
Non-current assets:							
Property and equipment, net							
Buildings and structures	87,749		57,304		30,444	57,603	
Telecommunications equipment	667,197		194,970		472,227	203,602	
Telecommunications service lines	92,955		91,724		1,230	93,061	
Land	30,119		19,404		10,715	19,396	
Construction-in-progress	65,200		27,875		37,325	32,721	
Others	51,118		27,325		23,792	26,423	
Total tangible assets	994,341	23.7	418,605	23.1	575,735	432,809	24.7
Intangible assets, net:							
Goodwill	1,144,518		45,578		1,098,940	48,351	
Software	183,330		33,671		149,658	31,055	
Other intangibles	46,344		23,036		23,307	24,024	
Total intangible assets	1,374,193	32.8	102,286	5.7	1,271,906	103,431	5.9
Investments and other assets:							
Investment securities and investments in partnerships	454,786		464,650		(9,863)	497,866	
Deferred tax assets	157,336		25,039		132,296	22,322	
Other assets	106,726		61,241		45,485	67,330	
Less:							
Allowance for doubtful accounts	(9,416)		(9,548)		132	(9,270)	
Total investments and other assets	709,433	16.9	541,382	29.9	168,051	578,248	33.1
Deferred charges	4,655	0.1	993	0.1	3,661	1,163	0.1
Total assets	¥4,191,853	100.0	¥1,808,398	100.0	¥2,383,454	¥1,748,605	100.0

CONSOLIDATED BALANCE SHEETS

(Millions of yen; amounts less than one million yen are omitted.)

	As of December 31, 2006		As of March 31, 2006		Increase (Decrease)	As of December 31, 2005	
	Amount	%	Amount	%		Amount	%
LIABILITIES AND NET ASSETS							
Current liabilities:							
Accounts payable - trade	¥159,154		¥60,432		¥98,721	¥50,956	
Short-term borrowings	254,606		218,300		36,305	112,483	
Commercial paper	19,800		10,400		9,400	16,500	
Current portion of corporate bonds	23,964		11,094		12,870	11,094	
Accounts payable - other and accrued expenses	345,104		114,122		230,981	165,056	
Income taxes payable	76,593		29,137		47,455	18,264	
Cash receipts as collateral	150,000		100,000		50,000	120,000	
Other current liabilities	84,593		43,414		41,178	41,695	
Total current liabilities	1,113,816	26.6	586,902	32.4	526,913	536,049	30.7
Long-term liabilities:							
Corporate bonds	451,482		456,128		(4,645)	454,968	
Long-term debt	1,720,950		209,370		1,511,580	215,730	
Deferred revenue	30,132		41,840		(11,708)	45,156	
Deferred tax liabilities	47,230		48,642		(1,411)	52,579	
Accrued retirement benefits	17,177		17,279		(102)	17,121	
Allowance for point mileage	44,787		-		44,787	-	
Other liabilities	70,378		100,970		(30,591)	114,075	
Total long-term liabilities	2,382,139	56.8	874,232	48.4	1,507,907	899,629	51.4
Total liabilities	3,495,956	83.4	1,461,135	80.8	2,034,821	1,435,679	82.1
Net assets:							
Common stock	163,130	3.9	162,916	9.0	214	162,566	9.3
Pre-stock issuance paid-in capital	2	0.0	5	0.0	(3)	-	-
Additional paid-in capital	187,490	4.5	187,303	10.3	187	186,952	10.7
Accumulated deficit	(199,161)	(4.8)	(218,561)	(12.1)	19,400	(258,266)	(14.8)
Less: Treasury stock	(187)	(0.0)	(169)	(0.0)	(17)	(162)	(0.0)
Total shareholders' equity	151,274	3.6	131,494	7.2	19,780	91,089	5.2
Net unrealized gain on other securities	99,540	2.4	129,051	7.1	(29,511)	168,808	9.6
Deferred losses on hedges	(11,340)	(0.3)	(36,840)	(2.0)	25,500	(59,702)	(3.4)
Foreign currency translation adjustments	28,326	0.7	19,062	1.1	9,263	18,914	1.1
Total valuation and translation adjustments	116,525	2.8	111,273	6.2	5,252	128,020	7.3
Stock acquisition right	3,167	0.1	3,150	0.2	17	3,150	0.2
Minority interest in consolidated subsidiaries	424,929	10.1	101,346	5.6	323,583	90,665	5.2
Total net assets	695,897	16.6	347,263	19.2	348,633	312,925	17.9
Total liabilities and net assets	¥4,191,853	100.0	¥1,808,398	100.0	¥2,383,454	¥1,748,605	100.0

CONSOLIDATED STATEMENTS OF OPERATIONS

(Millions of yen; amounts less than one million yen are omitted.)

	Nine-month period ended December 31, 2006		Nine-month period ended December 31, 2005		Increase (Decrease)	Fiscal year ended March 31, 2006	
	Amount	%	Amount	%		Amount	%
Net sales	¥1,822,369	100.0	¥810,258	100.0	¥1,012,110	¥1,108,665	100.0
Cost of sales	1,005,496	55.2	538,801	66.5	466,694	723,812	65.3
Gross profit	816,872	44.8	271,457	33.5	545,415	384,853	34.7
Selling, general and administrative expenses	619,587	34.0	243,544	30.1	376,042	322,553	29.1
Operating income	197,285	10.8	27,912	3.4	169,372	62,299	5.6
Interest income	3,075		1,150		1,925	2,136	
Equity in earnings under the equity method	5,282		6,214		(932)	9,521	
Income from investments in partnerships	1,891		739		1,151	777	
Other non-operating income	4,448		2,230		2,218	3,321	
Non-operating income	14,697	0.8	10,334	1.3	4,362	15,756	1.4
Interest expense	53,539		20,510		33,029	27,005	
Foreign exchange loss	2,943		7,126		(4,182)	6,320	
Financing related expenses	28,396		-		28,396	-	
Other non-operating expenses	15,487		12,865		2,622	17,237	
Non-operating expenses	100,367	5.5	40,502	5.0	59,865	50,564	4.5
Ordinary income (loss)	111,615	6.1	(2,255)	(0.3)	113,870	27,492	2.5
Gain on sales of investment securities	80,708		146,080		(65,371)	172,306	
Other special income	6,548		11,685		(5,137)	26,218	
Special income	87,257	4.8	157,766	19.5	(70,508)	198,524	17.9
Valuation loss on investment securities	1,983		4,699		(2,716)	7,188	
Loss on redemption of bonds	10,429		-		10,429	-	
Loss on contract revision relating to sales operation change	-		26,429		(26,429)	25,495	
Impairment loss in fixed-line telecommunications business	-		-		-	18,052	
Restructuring charge relating to BBTV business	-		14,749		(14,749)	14,749	
Penalty for unfulfilled contract commitment	-		3,653		(3,653)	3,565	
Refinance arrangement fee	-		3,153		(3,153)	3,153	
Other special loss	9,537		17,235		(7,697)	24,326	
Special loss	21,949	1.2	69,921	8.6	(47,971)	96,532	8.7
Income before income taxes and minority interest	176,922	9.7	85,589	10.6	91,333	129,484	11.7
Income taxes:							
Current	93,525	5.1	29,548	3.7	63,976	40,753	3.7
Deferred	33,253	1.8	17,204	2.1	16,048	1,837	0.2
Minority interest	28,210	1.6	21,015	2.6	7,194	29,342	2.6
Net income	¥21,933	1.2	¥17,819	2.2	¥4,113	¥57,550	5.2

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

From April 1, 2006 to December 31, 2006:

(Millions of yen, amounts less than one million yen are omitted)

	Shareholders' equity						Valuation and translation adjustments				Stock acquisition right	Minority interests	Total net assets
	Common stock	Pre-stock issuance paid-in capital	Additional paid-in capital	Accumulated deficit	Treasury stock	Total	Net unrealized gain (losses) on other securities	Deferred losses on hedges	Foreign currency translation adjustments	Total			
Balance at March 31, 2006	¥162,916	¥5	¥187,303	¥(218,561)	¥(169)	¥131,494	¥129,051	¥(36,840)	¥19,062	¥111,273	¥3,150	¥101,346	¥347,263
Changes of items during the period													
Issuance of new shares	214	(5)	213	-	-	422	-	-	-	-	-	-	422
Cash receipt before stock	-	2	-	-	-	2	-	-	-	-	-	-	2
Dividend from surplus	-	-	-	(2,637)	-	(2,637)	-	-	-	-	-	-	(2,637)
Bonuses to directors (see Note 1)	-	-	-	(87)	-	(87)	-	-	-	-	-	-	(87)
Net adjustment to additional paid-in capital and accumulated deficit due to change in scope of consolidation (see Note 2)	-	-	(26)	191	-	164	-	-	-	-	-	-	164
Net income	-	-	-	21,933	-	21,933	-	-	-	-	-	-	21,933
Acquisition of treasury stock	-	-	-	-	(17)	(17)	-	-	-	-	-	-	(17)
Items other than changes in shareholders' equity	-	-	-	-	-	-	(29,511)	25,500	9,263	5,252	17	323,583	328,853
Total movement in this period	214	(3)	187	19,400	(17)	19,780	(29,511)	25,500	9,263	5,252	17	323,583	348,633
Balance at December 31, 2006	¥163,130	¥2	¥187,490	¥(199,161)	¥(187)	¥151,274	¥99,540	¥(11,340)	¥28,326	¥116,525	¥3,167	¥424,929	¥695,897

From April 1, 2005 to December 31, 2005:

(Millions of yen, amounts less than one million yen are omitted)

	Shareholders' equity						Valuation and translation adjustments				Stock acquisition right	Minority interests	Total net assets
	Common stock	Pre-stock issuance paid-in capital	Additional paid-in Capital	Accumulated deficit	Treasury stock	Total	Net unrealized gain (losses) on other securities	Deferred losses on hedges	Foreign currency translation adjustments	Total			
Balance at March 31, 2005	¥162,397	¥-	¥186,783	¥(273,362)	¥(106)	¥75,712	¥136,662	¥(41,056)	¥6,697	¥102,303	¥3,150	¥68,943	¥250,110
Changes of items during the period													
Issuance of new shares	168	-	168	-	-	337	-	-	-	-	-	-	337
Dividend from surplus	-	-	-	(2,460)	-	(2,460)	-	-	-	-	-	-	(2,460)
Bonuses to directors (see Note 1)	-	-	-	(86)	-	(86)	-	-	-	-	-	-	(86)
Net adjustment accumulated deficit due to change in scope of consolidation (see Note 2)	-	-	-	38	-	38	-	-	-	-	-	-	38
Decrease due to merger	-	-	-	(215)	-	(215)	-	-	-	-	-	-	(215)
Net income	-	-	-	17,819	-	17,819	-	-	-	-	-	-	17,819
Acquisition of treasury stock	-	-	-	-	(56)	(56)	-	-	-	-	-	-	(56)
Items other than changes in shareholders' equity	-	-	-	-	-	-	32,146	(18,646)	12,216	25,717	-	21,721	47,438
Total movement during the period	168	-	168	15,095	(56)	15,376	32,146	(18,646)	12,216	25,717	-	21,721	62,815
Balance at December 31, 2005	¥162,566	¥-	¥186,952	¥(258,266)	¥(162)	¥91,089	¥168,808	¥(59,702)	¥18,914	¥128,020	¥3,150	¥90,665	¥312,925

- Continued -

From April 1, 2005 to March 31, 2006:

(Millions of yen, amounts less than one million yen are omitted)

	Shareholders' equity						Valuation and translation adjustments				Stock acquisition right	Minority interests	Total net assets
	Common stock	Pre-stock issuance paid-in capital	Additional paid-in capital	Accumulated deficit	Treasury stock	Total	Net unrealized gain (losses) on other securities	Deferred losses on hedges	Foreign currency translation adjustments	Total			
Balance at March 31, 2005	¥162,397	¥-	¥186,783	¥(273,362)	¥(106)	¥75,712	¥136,662	¥(41,056)	¥6,697	¥102,303	¥3,150	¥68,943	¥250,110
Changes of items during the period													
Issuance of new shares	519	-	519	-	-	1,038	-	-	-	-	-	-	1,038
Cash receipt before stock	-	5	-	-	-	5	-	-	-	-	-	-	5
Dividend from surplus	-	-	-	(2,460)	-	(2,460)	-	-	-	-	-	-	(2,460)
Bonuses to directors (see Note1)	-	-	-	(86)	-	(86)	-	-	-	-	-	-	(86)
Net adjustment to accumulated deficit due to change in scope of consolidation (see Note 2)	-	-	-	13	-	13	-	-	-	-	-	-	13
Decrease due to merger	-	-	-	(215)	-	(215)	-	-	-	-	-	-	(215)
Net income	-	-	-	57,550	-	57,550	-	-	-	-	-	-	57,550
Acquisition of treasury stock	-	-	-	-	(63)	(63)	-	-	-	-	-	-	(63)
Items other than changes in shareholders' equity	-	-	-	-	-	-	(7,610)	4,215	12,365	8,969	-	32,402	41,371
Total movement in this period	519	5	519	54,801	(63)	55,781	(7,610)	4,215	12,365	8,969	-	32,402	97,153
Balance at March 31, 2006	¥162,916	¥5	¥187,303	¥(218,561)	¥(169)	¥131,494	¥129,051	¥(36,840)	¥19,062	¥111,273	¥3,150	¥101,346	¥347,263

Note 1: In accordance with the accounting principles generally accepted in Japan, bonuses to directors, to be appropriated in accordance with a resolution of the shareholders at an ordinary meeting held subsequent to the fiscal year-end, are recorded in the consolidated statements of changes in net assets in the fiscal year in which the resolution was passed.

Note 2: In accordance with the accounting principles generally accepted in Japan, the cumulative effect arising from any changes in the scope of consolidation is treated as an adjustment to additional paid-in capital and accumulated deficit in the consolidated statements of changes in net assets.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen; amounts less than one million yen are omitted.)

	Nine-month period ended December 31, 2006	Nine-month period ended December 31, 2005	Fiscal year ended March 31, 2006
I. Cash flows from operating activities:			
Income before income taxes and minority interest	¥176,922	¥85,589	¥129,484
Adjustments to reconcile income before income taxes and minority interest to net cash provided by operating activities:			
Depreciation and amortization (excludes amortization of goodwill)	135,120	61,620	79,744
Amortization of goodwill	42,565	5,150	6,945
Equity in earnings under the equity method, net	(5,282)	(6,214)	(9,521)
Dilution gain from changes in equity interest, net	(2,029)	(9,488)	(21,806)
Valuation loss on investment securities	1,983	4,699	7,188
Gain on sales of marketable and investment securities, net	(80,518)	(145,853)	(171,864)
Foreign exchange loss, net	2,749	6,319	5,497
Interest and dividend income	(3,311)	(1,384)	(2,402)
Interest expense	53,539	20,510	27,005
Changes in operating assets, liabilities and others			
Increase in receivables - trade	(112,760)	(12,386)	(23,333)
Increase (decrease) in payables - trade	55,284	(7,166)	4,331
Increase in deferred revenue	-	40,000	40,000
Increase in other receivables	(12,170)	(12,818)	(9,864)
Increase (decrease) in other payables	48,218	21,206	(26,773)
Others, net	36,504	35,225	70,731
Sub-total	336,815	85,007	105,361
Interest and dividends received	4,769	2,501	3,301
Interest paid	(37,360)	(15,127)	(22,332)
Income taxes paid	(45,890)	(31,441)	(31,588)
Refund of income taxes	-	3,028	3,064
Net cash provided by operating activities	¥258,332	¥43,968	57,806

- Continued -

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

(Millions of yen; amounts less than one million yen are omitted.)

	Nine-month period ended December 31, 2006	Nine-month period ended December 31, 2005	Fiscal year ended March 31, 2006
II. Cash flows from investing activities:			
Purchase of property and equipment and intangibles	¥(230,461)	¥(177,052)	¥(189,490)
Purchase of marketable and investment securities	(102,571)	(69,392)	(88,479)
Proceeds from sales of marketable and investment securities	159,339	161,019	178,022
Acquisition of interests in subsidiaries newly consolidated, net of cash acquired	(1,844,046)	(3,464)	(4,525)
Sales of interests in subsidiaries previously consolidated	(21)	40,442	39,826
Proceeds from sales of interests in consolidated subsidiaries	8	5,853	29,232
Increase in loan receivables	(14,228)	(14,550)	(17,425)
Collection of loans	9,762	13,435	16,583
Proceeds from sale of modern rental business	-	45,000	45,000
Others, net	(6,442)	11,039	19,107
Net cash (used in) provided by investing activities	(2,028,660)	12,331	27,852
III. Cash flows from financing activities:			
Increase (decrease) in short-term borrowings, net	20,645	(80,701)	32,043
Increase (decrease) in commercial paper	9,400	1,000	(5,100)
Proceeds from long-term debt	1,586,970	120,350	125,550
Repayment of long-term debt	(74,827)	(139,554)	(158,211)
Proceeds from issuance of bonds	72,668	91,878	91,849
Redemption of bonds	(205,302)	(53,515)	(53,547)
Proceeds from issuance of shares	427	337	1,038
Proceeds from issuance of shares to minority shareholders	300,331	871	1,619
Cash dividends paid	(2,636)	(2,452)	(2,456)
Cash dividends paid to minority shareholders	(3,126)	(2,497)	(2,442)
Increase in cash receipt as collateral	50,000	20,000	-
Others, net	(31,718)	(602)	(264)
Net cash provided by (used in) financing activities	1,722,831	(44,885)	30,078
IV. Effect of exchange rate changes on cash and cash equivalents	(1,878)	5,656	10,905
V. Net (decrease) increase in cash and cash equivalents	(49,374)	17,070	126,642
VI. Decrease in cash and cash equivalents due to exclusion of previously consolidated entities	(3,896)	(142)	(142)
VII. Cash and cash equivalents at the beginning of the period	446,694	320,194	320,194
VIII. Cash and cash equivalents at the end of the period	¥393,423	¥337,122	¥446,694

CONDENSED QUARTERLY FINANCIAL INFORMATION

Condensed Statement of Income

(Millions of yen; amounts less than one million yen are omitted.)

	Third quarter	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
	October 1, 2006 to December 31, 2006	July 1, 2006 to September 30, 2006	April 1, 2006 to June 30, 2006	January 1, 2006 to March 31, 2006	October 1, 2005 to December 31, 2005	July 1, 2005 to September 30, 2005	April 1, 2005 to June 30, 2005
	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Net sales	¥702,195	¥625,941	¥494,231	¥298,406	¥287,471	¥264,149	¥258,637
Cost of sales	390,157	341,443	273,895	185,010	184,551	178,575	175,674
Gross profit	312,037	284,498	220,336	113,395	102,920	85,573	82,962
Selling, general and administrative expenses	227,304	226,303	165,978	79,009	79,407	77,983	86,153
Operating income (loss)	84,733	58,194	54,357	34,386	23,512	7,590	(3,190)
Non-operating income (Note)	1,829	4,540	12,096	6,227	2,784	4,442	3,122
Non-operating expenses (Note)	37,637	26,039	40,459	10,867	15,068	12,499	12,950
Ordinary income (loss)	48,924	36,696	25,994	29,747	11,228	(466)	(13,017)
Special income	15,788	66,795	4,672	40,758	98,934	35,916	22,914
Special loss	6,688	13,895	1,365	26,610	50,475	10,309	9,136
Income before income taxes and minority interest	58,024	89,596	29,302	43,895	59,687	25,141	760
Income taxes - Current	12,552	70,826	10,146	11,204	9,695	11,623	8,230
Income taxes - Deferred	27,211	(3,182)	9,224	(15,366)	20,171	(187)	(2,779)
Minority interest	10,765	8,930	8,514	8,326	7,817	6,734	6,463
Net income (loss)	¥7,494	¥13,021	¥1,418	¥39,730	¥22,002	¥6,971	¥(11,153)

Note: Exchange gain (loss), equity in earnings (loss) under the equity method, and income (expenses) from investments in partnerships were included in "Non-operating income" and "Non-operating expenses" and were netted on a quarterly basis for presentation purposes.

Condensed Statement of Cash Flows

(Millions of yen; amounts less than one million yen are omitted.)

	Third quarter	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
	October 1, 2006 to December 31, 2006	July 1, 2006 to September 30, 2006	April 1, 2006 to June 30, 2006	January 1, 2006 to March 31, 2006	October 1, 2005 to December 31, 2005	July 1, 2005 to September 30, 2005	April 1, 2005 to June 30, 2005
	Amount	Amount	Amount	Amount	Amount	Amount	Amount
I Net cash provided by (used in) operating activities	¥71,193	¥122,464	¥64,675	¥13,837	¥61,949	¥232	¥(18,213)
II Net cash provided by (used in) investing activities	(71,675)	8,847	(1,965,832)	15,521	86,627	(45,593)	(28,703)
III Net cash provided by (used in) financing activities	124,058	(144,656)	1,743,429	74,963	(46,728)	(11,081)	12,925
IV Effect of exchange rate changes on cash and cash equivalents	(2,716)	703	134	5,248	3,866	639	1,150
V Net increase (decrease) in cash and cash equivalents	120,859	(12,641)	(157,593)	109,571	105,714	(55,802)	(32,840)
VI Decrease in cash and cash equivalents due to newly consolidated companies	(9)	-	(3,886)	-	-	-	(142)
VII Cash and cash equivalents at the beginning of the period	272,572	285,214	446,694	337,122	231,408	287,211	320,194
VIII Cash and cash equivalents at the end of the period	¥393,423	¥272,572	¥285,214	¥446,694	¥337,122	¥231,408	¥287,211
Note: "Depreciation and amortization" and "Amortization of goodwill" included in net cash provided by operating activities	¥66,271	¥62,424	¥48,989	¥19,919	¥21,031	¥23,195	¥22,543

Basis of Presentation of Consolidated Financial Statements

1. Changes in scope of consolidation

As of December 31, 2006, SOFTBANK CORP. (hereafter the "Company") consolidated 115 subsidiaries. Sixty four subsidiaries were not consolidated as the individual and aggregate amounts were not considered material in relation to the consolidated total assets, net sales, net income (loss) and retained earnings (accumulated deficit) of the SOFTBANK consolidated financial statements.

Changes in scope of consolidation were as follows:

<Increase>

10 companies

Significant changes:

SOFTBANK MOBILE Corp.

Newly acquired

<Decrease>

48 companies

Insignificant companies were excluded from scope of consolidation from this fiscal period.

2. Changes in scope of equity method

As of December 31, 2006, the Company held two non-consolidated subsidiaries and 69 affiliates, all of which were accounted for under the equity method. Sixty two non-consolidated subsidiaries and 26 affiliates were not accounted for under the equity method, as the individual and aggregate amounts were not considered material in relation to the net income (loss) and retained earnings (accumulated deficit) of the SOFTBANK consolidated financial statements.

Changes in application of equity method were as follows:

<Increase>

12 companies

<Decrease>

28 companies

Significant changes:

SBI Holdings, Inc.

Sale of shares

cyber communications inc.

Sale of shares

3. Summary of significant accounting policies

[1] Evaluation standards and methods for major assets

(1) Marketable securities and investment securities

Held-to-maturity debt securities: Stated at amortized cost

Other securities:

With market quotations: Stated at fair value, which represents the market prices at the balance sheet date (unrealized gain/loss is included as a separate component in net assets, net of tax, while cost is primarily determined using the moving-average method)

Without market quotations: Carried at cost, primarily based on the moving-average method

(2) Derivative instruments: Stated at fair value

(3) Inventories: Carried at cost, primarily based on the moving-average method

[2] Depreciation and amortization

(1) Property and equipment

Buildings and structures: Computed primarily using the straight line method

Telecommunications equipment: Computed using the straight line method

Telecommunications service lines: Computed using the straight line method

Others: Computed primarily using the straight line method

(2) Intangible assets: Computed using the straight-line method

[3] Accounting principles for major allowances and accruals

(1) <Allowance for doubtful accounts>

Allowance for doubtful accounts is calculated based on the aggregate amount of estimated credit losses on doubtful receivables, plus an amount for receivables other than doubtful receivables calculated using historical write-off experience ratios from certain prior periods.

(2) <Accrued retirement benefits>

SOFTBANK MOBILE Corp., SOFTBANK TELECOM Corp., and certain other subsidiaries have defined benefit pension plans for their employees. These companies account for the obligation for retirement benefits based on the projected benefit obligations as of December 31, 2006.

(3) <Allowance for point mileage >

SOFTBANK MOBILE Corp. has an allowance for point mileage which is accrued based on the estimated future obligation arising from point service, based on past experience.

[4] Translation of foreign currency transactions and accounts

All assets and liabilities in foreign currencies are translated at the foreign currency exchange rates prevailing at the respective balance sheet dates. Foreign currency exchange gains or losses are charged to net income when incurred.

The translation of foreign currency denominated revenues and expenses in the financial statements of foreign consolidated subsidiaries into Japanese yen is performed by using the average exchange rate for the period. Assets and liabilities are translated using the foreign currency exchange rates prevailing at the balance sheet dates, and capital stock is translated using the historical foreign currency exchange rates. Foreign currency financial statement translation differences are presented as a separate component of "Net assets," and the portion pertaining to minority shareholders, which is included in "Minority interest in consolidated subsidiaries."

[5] Capital lease

Under the Japanese accounting standards, capital leases, as defined therein, other than those whereby the ownership of the assets is transferred to the lessee at the end of the lease term, are permitted to be accounted for as operating leases with a footnote disclosure of the estimated acquisition cost, estimated accumulated depreciation and future lease payments or receipts.

[6] Accounting for significant hedge transactions

(1) Collar transaction

① <Hedge accounting>

Unrealized gains and losses, net of tax, on collar transaction that qualifies as an effective cash flow hedge at consolidated subsidiaries in the United States of America are reported as a separate component of "Net assets" in the Company's consolidated balance sheets. As such, unrealized gains and losses associated with the collar transaction will be recognized into earnings in the same period during which the hedged assets and liabilities are recognized in earnings.

② <Derivative instruments for hedging and hedged items>

Derivative instruments for hedging: Prepaid variable share forward contract (the collar transaction)

Hedged items: Equity security

③ <Hedging policy>

The purpose of the collar transaction is to hedge the variability of cash flows associated with the future market price of the underlying equity security.

(2) Interest rate swap

① <Hedge accounting>

For interest rate swaps whose amounts, index and periods are same as the conditions for hedged items, the "exceptional method" is adopted. Under this method, a certain domestic consolidated subsidiary does not account for gains and losses of those interest rate swaps on a fair value basis and recognizes swap interest on an accrual basis.

② <Derivative instruments for hedging and hedged items>

Derivative instruments for hedging: Interest rate swap contracts

Hedged items: Interest expense on borrowings

③ <Hedging policy>

The domestic consolidated subsidiaries use derivative financial instruments to hedge the risk of exposures to fluctuations in interest rates in accordance with its internal policies, regarding the authorization and credit limit amount.

[7] Accounting method for consumption taxes

Consumption taxes are accounted for using the net method of reporting.

4. Accounting for business combinations

All assets and liabilities of acquired entities are revalued at the respective fair market value at the combination date.

5. Amortization of goodwill

"Goodwill" is amortized on a straight-line basis over reasonably estimated periods in which economic benefits are expected to be realized. Immaterial goodwill is expensed as incurred.

The goodwill resulted from acquisition of SOFTBANK MOBILE Corp. is amortized over 20-year-period.

6. Scope of cash and cash equivalents in the consolidated statements of cash flows

"Cash and cash equivalents" are comprised of cash on hand, bank deposits withdrawable on demand and highly liquid investments with initial maturities of three months or less and a low risk of fluctuation in value.

7. Presentation of net assets in balance sheet

The Company applied "Accounting Standards for presentation of net assets" (Financial Accounting Standards No. 5 issued on December 9, 2005), and "Application Guideline for Accounting Standards for presentation of net assets" (Financial Accounting Standards Implementation Guideline No. 8 issued on December 9, 2005) for the nine-month ended on December 31, 2006.

The shareholders' equity based on the previous presentation of shareholders' equity in balance sheet is ¥267,800 million.

The Company disclosed net assets in balance sheet using the new presentation for the nine-month period ended on December 31, 2006. Furthermore, the Company presented its net assets in balance sheet using the new presentation for March 31, 2006 and December 31, 2005.

8. Accounting standard for statement of changes in net assets

The Company applied "Accounting Standards for statement of changes in net assets" (Financial Accounting Standards No. 6 issued on December 27, 2005) and "Guidance on Accounting Standard for statement of changes in net assets" (Financial Accounting Standards Implementation Guideline No. 9 issued on December 27, 2005) from the nine-month period ended December 31, 2006.

Consolidated statements of changes in net assets is disclosed for the nine-month period ended December 31, 2006 under the new standard. Furthermore, the consolidated statements of changes in net assets for the fiscal year ended March 31, 2006 and for the nine-month period ended December 31, 2005 are presented under the new standard.

9. Accounting standard for share-based payment

The Company applied "Share-based Payment" (Financial Accounting Standards No. 8 issued on December 27, 2005) and "Guidance on Accounting Standard for share-based Payment" (Financial Accounting Standards Implementation Guideline No. 11 issued on December 27, 2005) from the nine-month period ended December 31, 2006.

As a result, the effect of the application of these standards and guideline was not considered material in relation to the income before income taxes and minority interest.

10. Practical solution on accounting for revenue recognition of software

The Company applied "Practical solution on accounting for revenue recognition of software" (Financial Accounting Standards No. 17 issued on March 30, 2006) from the nine-month period ended December 31, 2006.

As a result, the Company is required to present certain transactions as net sales from this fiscal year, and net sales of certain software transactions were recorded at ¥850 million, which would have been the amount of gross profit if the previous accounting standard had been applied. Due to the netting with the amounts for cost of good sold, net sales and cost of goods sold decreased by ¥22,227 million.

11. Presentation of goodwill in the balance sheets and statements of cash flows

The Company applied "Accounting Standard for Business Combinations" (Accounting Standards issued on October 31, 2003 by the Business Accounting Council in Japan), "Accounting Standard for Business Divestitures and the related Implementation Guidance" (Financial Accounting Standards No. 7 issued on December 27, 2005), "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (Financial Accounting Standards Implementation Guidance No. 10 issued on December 27, 2005) from the nine-month period ended on December 31, 2006.

(Consolidated Balance Sheets)

Goodwill related to business rights previously included in "Other intangibles" of intangible assets, net and goodwill related to consolidation goodwill are presented as "Goodwill" as of December 31, 2006. The same presentation has been adopted for its accounts as of March 31, 2006 and as of December 31, 2005.

(Consolidated Statements of Cash Flows)

Amortization of goodwill related to business rights previously accounted in "Depreciation and amortization" and amortization of goodwill related to consolidation goodwill previously accounted in "Others, net" of cash flows from operating activities are presented as "Amortization of goodwill" for the nine-month period ended December 31, 2006. The same presentation has been adopted for its accounts for the fiscal year ended March 31, 2006 and the nine-month period ended December 31, 2005.

12. Practical solution on investors' accounting for limited-liability partnerships and limited-liability companies

The Company applied "Practical solution on investors' accounting for limited-liability partnerships and limited-liability companies" (Financial Accounting Standards No. 20 issued on September 8, 2005) from the nine-month period ended December 31, 2006.

As a result, the effect of the application of these standards and guideline was not considered material in relation to the income before income taxes and minority interest.

Notes

(Consolidated Balance Sheets)

1. Accumulated depreciation of property and equipment

December 31, 2006	March 31, 2006	December 31, 2005
687,610 million yen	603,313 million yen	597,632 million yen

2. Contingent liability

Based on debt assumption agreements with financial institutions, SOFTBANK MOBILE Corp. has transferred its debt repayment obligation for straight bonds previously issued to financial institutions. The process through which liabilities on the bonds are eliminated from the balance sheet.

However, under the terms of the indenture, SOFTBANK MOBILE Corp. will continue to be responsible for payments on the bonds until maturity or redemption of the bonds.

Subject Bonds	Aggregate amount
First Series Unsecured Bond	25,000 million yen
Third Series Unsecured Bond	25,000 million yen
Fifth Series Unsecured Bond	25,000 million yen
Seventh Series Unsecured Bond	25,000 million yen
Total	100,000 million yen

3. Assets pledged as collateral

(1) For future lease liabilities

	December 31, 2006	March 31, 2006	December 31, 2005
<u>Assets pledged as collateral:</u>			
Notes and accounts receivable - trade	10,973 million yen	10,653 million yen	10,867 million yen
Other current assets (accounts receivable – other)	-	-	3 million yen
<u>Secured liabilities:</u>			
Accounts payable - trade	- million yen	- million yen	0 million yen

Note: The collateral for the future lease liabilities was provided by mortgaging against the aggregate of the current and future receivables due from customers of certain consolidated subsidiaries. The future lease liabilities at the end of periods are as follows:

	December 31, 2006	March 31, 2006	December 31, 2005
Future lease liabilities (including the above "Accounts payable - trade")	13,637 million yen	23,846 million yen	20,841 million yen

(2) For short-term borrowings, long-term debt, and other liabilities

Assets pledged as collateral and secured liabilities by consolidated subsidiaries are as follows:

	December 31, 2006	March 31, 2006	December 31, 2005
<u>Assets pledged as collateral:</u>			
Cash and deposits	71,265 million yen	336 million yen	491 million yen
Notes and accounts receivable - trade	212,387	1,061	1,056
Buildings and structures	13,949	867	878
Telecommunications equipment	373,878	1,513	1,767
Telecommunications service lines	194	-	-
Land	15,510	5,001	5,001
Property and equipment- others	0	0	0
Investment securities	161,963	201,293	245,680
Investment and other assets (Other assets)	78	-	-
Total	849,228 million yen	210,074 million yen	254,876 million yen
<u>Secured liabilities:</u>			
Accounts payable - trade	1,137 million yen	975 million yen	561 million yen
Short-term borrowings	6,831	8,209	16,256
Accounts payable – other and accrued expenses	120	25	26
Long-term debt	1,487,190	119,805	122,261
Other long-term liabilities	-	113	211
Total	280 million yen	129,128 million yen	139,316 million yen

SOFTBANK MOBILE Corp. shares owned by BB Mobile Corp. and BB Mobile Corp. shares owned by Mobiletech Corporation are pledged as collateral for short-term borrowings (totaled to ¥397 million) and long-term debt (totaled to ¥1,365,602 million) resulted from the refinancing the loan accompanying the acquisition of SOFTBANK MOBILE Corp., in addition to the assets pledged as collateral above.

4. Securities loaned

A portion of investment securities was lent to financial institutions according to stock lending agreements, and the amounts of applicable investment securities recorded in the Company's consolidated balance sheets are as follows:

	December 31, 2006	March 31, 2006	December 31, 2005
Investment securities	470 million yen	364 million yen	357 million yen

5. Cash receipts as collateral

Cash receipts as collateral from financial institutions, to whom the Company lent shares of one of its subsidiaries under security deposit agreements, is presented as follows:

	December 31, 2006	March 31, 2006	December 31, 2005
Cash receipts as collateral	150,000 million yen	100,000 million yen	120,000 million yen

According to the security deposit agreements, the Company paid a fixed rate amount as stock bailment fees and other fees totaling ¥2,303 million, ¥2,859 million and ¥1,953 million for the periods ended December 31, 2006, March 31, 2006 and December 31, 2005, respectively, and recorded the fees as other non-operating expenses in the consolidated statements of operations.

6. Line of credit as a creditor (not used)

	December 31, 2006	March 31, 2006	December 31, 2005
	15,771 million yen	16,097 million yen	15,361 million yen

7. Balance of accounts receivable sold

December 31, 2006	March 31, 2006	December 31, 2005
- million yen	8,477 million yen	8,943 million yen

(Consolidated Statements of Operations)

1. Selling, general and administrative expenses

	Nine-month period ended December 31, 2006	Nine-month period ended December 31, 2005	Fiscal year ended March 31, 2006
Payroll and bonuses	69,619 million yen	51,683 million yen	69,505 million yen
Sales promotion expense	101,155	44,384	59,671
Sales commission	188,466	6,636	9,211
Allowance for doubtful accounts	6,117	3,487	4,319

2. Financing related expenses

It is the financing related expense in order to raise funds for the acquisition of SOFTBANK MOBILE Corp. and the debt refinancing.

3. Loss on redemption of bonds

The loss on redemption of bonds is presented as follows;

(1) The loss, ¥7,386 million, is incurred from the settlement of repurchase and redemption of SOFTBANK CORP. Euro 9.375% Senior Notes due 2011.

(2) The loss, ¥3,042 million, is incurred from the advanced redemption of bonds previously issued by SOFTBANK MOBILE Corp based on the debt assumption agreement with financial institutions.

(Statements of changes in net assets)

1. Class and number of outstanding shares:

	March 31, 2006	Increase	Decrease	December 31, 2006
Number of common stocks	1,055,231,478	312,700	-	1,055,544,178

(Note) Increase resulted from the exercise of stock acquisition rights.

2. Class and number of treasury stocks:

	March 31, 2006	Increase	Decrease	December 31, 2006
Number of common stocks	149,391	7,146	-	156,537

(Note) Increase resulted from the acquisition of the fraction of shares.

3. Share warrants:

Type	Detail of stock acquisition rights	Class of shares	Number of shares for stock acquisition rights				Millions of yen
			March 31, 2006	Increase	Decrease	December 31, 2006	December 31, 2006
SOFTBANK, Corp.	Stock acquisition rights issued in 2004	Common stocks	24,000,000	-	-	24,000,000	3,150
Consolidated Subsidiaries	-		-				17
Total			-				3,167

4. Dividends:

Resolution	Class of shares	Amount of dividend (Millions of yen)	Dividend per share	Record date	Effective date
Ordinary general meeting of shareholders, June 23, 2006	Common stocks	2,637	¥2.50	March 31, 2006	June 23, 2006

(Consolidated Statements of Cash Flows)

1. Reconciliation of cash and cash equivalents to the amounts presented in the accompanying consolidated balance sheets:

	December 31, 2006	December 31, 2005	March 31, 2006
Cash and deposits	394,772 million yen	336,442 million yen	446,306 million yen
Marketable securities	7,022	10,218	4,372
Time deposits with original maturities over three months	(2,618)	(1,839)	(1,400)
Stocks and bonds with original maturities over three months	(5,753)	(7,698)	(2,584)
Cash and cash equivalents	393,423 million yen	337,122 million yen	446,694 million yen

2. SOFTBANK MOBILE Corp. and three consolidated subsidiaries acquired in connection with the acquisition of SOFTBANK MOBILE Corp.

		(as of April 30, 2006)
Current assets	(Note 1)	324,183 million yen
Non-current assets		851,905
Goodwill		1,129,092
Current liabilities	(Note 1)	(453,849)
Long-term liabilities		(144,665)
Acquisition cost	(Note 2, 3)	1,706,666 million yen
Loans made by the Company	(Note 4)	163,000
Cash and cash equivalents of newly consolidated companies		(25,419)
Payments for the acquisition		1,844,246 million yen

(Note 1) Amounts are after considering intercompany transactions.

(Note 2) The costs incurred for the acquisition of remaining shares of SOFTBANK MOBILE Corp. in August 2006 are included. Accordingly, SOFTBANK MOBILE Corp. became a fully-owned subsidiary.

(Note 3) Accompanying costs are included.

(Note 4) Loan amounts until the acquisition date, April 30, 2006

3. Repayment of the borrowing based on Bridge Facility contracted by BB Mobile Corp.

The repayment of the borrowings based on the bridge facility contracted by BB Mobile Corp. (totaled to ¥1,173,830 million) for its acquisition of SOFTBANK MOBILE Corp. was completed by refinancing in November 2006. The increase in borrowings and the decrease in repayment are offset each other in "Increase (decrease) in short-term borrowings, net." The new borrowings (totaled to ¥1,366,000 million) from refinancing is included in "Proceeds from long-term debts."

Significant Subsequent Event

Merger of two consolidated subsidiaries

On December 15, 2006, SOFTBANK TELECOM SALES Corp. and SOFTBANK TELECOM Corp., the Company's wholly-owned subsidiaries, resolved the merger, which was approved at the extraordinary shareholders' meeting of both companies held on January 31, 2007. The merger became effective from February 1, 2007.

1. Outline of the merger

(1) Companies involved in merger

SOFTBANK TELECOM SALES Corp. and SOFTBANK TELECOM Corp.

(2) Main business of merger companies

SOFTBANK TELECOM SALES Corp.

Fixed-line telecommunication and investment businesses

SOFTBANK TELECOM Corp.

Fixed-line telecommunication business

(3) Method of the merger

SOFTBANK TELECOM SALES Corp., as the surviving company, acquired SOFTBANK TELECOM Corp., which subsequently was dissolved.

(4) Company name after the merger

SOFTBANK TELECOM Corp.

(SOFTBANK TELECOM SALES Corp. changed its company name to SOFTBANK TELECOM Corp. after the merger.)

(5) Purpose and method of the merger

The purpose of this merger is to accelerate business development of SOFTBANK TELECOM Corp. within the SOFTBANK Group and strengthen its financial structure by merging with SOFTBANK TELECOM SALES Corp. based on the SOFTBANK Group's management policy which is to strengthen the operational base.

2. Summary of accounting procedures

The merger is accounted for using corporate merger accounting standards, applying to all jointly controlled transactions, based upon "Accounting Standard for Business Combinations" (Accounting Standards issued on October 31, 2003 by the Business Accounting Council in Japan) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (Financial Accounting Standards Implementation Guidance No. 10 issued on December 27, 2005).

Segment Information

1. Business segment information

(1) For the nine-month period ended December 31, 2006

(Millions of yen; amounts less than one million yen are omitted.)

	Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	e-Commerce	Others	Total	Elimination or Corporate	Consolidated
Net sales									
(1) Customers	¥1,008,538	¥192,836	¥247,719	¥139,110	¥178,333	¥55,832	¥1,822,369	¥ -	¥1,822,369
(2) Inter-segment	6,250	3,480	27,943	2,259	11,216	9,871	61,021	(61,021)	-
Total	1,014,788	196,317	275,662	141,369	189,549	65,703	1,883,390	(61,021)	1,822,369
Operating expenses	901,246	176,901	277,971	72,014	184,677	69,876	1,682,688	(57,604)	1,625,083
Operating income (loss)	¥113,541	¥19,415	¥(2,308)	¥69,354	¥4,871	¥(4,172)	¥200,702	¥(3,417)	¥197,285

(2) For the nine-month period ended December 31, 2005

(Millions of yen; amounts less than one million yen are omitted.)

	Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	e-Commerce	Others	Total	Elimination or Corporate	Consolidated
Net sales									
(1) Customers	Newly Established this Fiscal Period	¥196,310	¥257,656	¥113,305	¥192,132	¥50,854	¥810,258	¥ -	¥810,258
(2) Inter-segment		878	4,504	440	7,481	10,410	23,715	(23,715)	-
Total		197,188	262,161	113,746	199,613	61,264	833,974	(23,715)	810,258
Operating expenses		188,838	290,249	60,852	196,596	66,034	802,570	(20,224)	782,346
Operating income (loss)		¥8,350	¥(28,087)	¥52,893	¥3,017	¥(4,769)	¥31,404	¥ (3,491)	¥27,912

(3) For the fiscal year ended March 31, 2006

(Millions of yen; amounts less than one million yen are omitted.)

	Mobile Communications	Broadband Infrastructure	Fixed-line Telecommunications	Internet Culture	e-Commerce	Others	Total	Elimination or Corporate	Consolidated
Net sales									
(1) Customers	Newly Established this Fiscal Period	¥267,272	¥347,447	¥155,550	¥272,739	¥65,654	¥1,108,665	¥ -	¥1,108,665
(2) Inter-segment		1,179	6,785	569	10,535	17,419	36,489	(36,489)	-
Total		268,451	354,233	156,120	283,275	83,073	1,145,154	(36,489)	1,108,665
Operating expenses		247,779	379,392	81,929	278,414	87,833	1,075,350	(28,984)	1,046,366
Operating income (loss)		¥20,672	¥(25,158)	¥74,190	¥4,860	¥(4,759)	¥69,804	¥ (7,504)	¥62,299

- Notes: 1. Business segments are categorized primarily based on the nature of business operations, type of services, similarity of sales channels, etc., which the SOFTBANK Group uses for its internal management purposes.
2. Please refer to the chart of "The SOFTBANK Group" for a description of the main business segments.
3. Unallocated operating expenses for the nine-month periods ended December 31, 2006, December 31, 2005 and for the fiscal year ended March 31, 2006 in the column "Elimination or Corporate", which mainly represent expenses of the corporate division of the Company, were ¥3,986 million, ¥3,445 million and ¥7,841 million, respectively.
4. The Mobile Communications segment was established in the nine-month period ended December 31, 2006 due to the consolidation of SOFTBANK MOBILE Corp. Net sales and operating expenses of SOFTBANK MOBILE Corp. and its consolidated subsidiaries are consolidated from May 2006.

Leases

1. Capital leases in which the ownership of leased assets is not transferred to the lessee at the end of lease periods (as a lessee)

(1) Amounts equivalent to acquisition costs, accumulated depreciation and net book value at the end of each period are as follows:

	December 31, 2006	March 31, 2006	December 31, 2005
Telecommunications equipment and telecommunications service lines			
Equivalent to acquisition costs	198,797 million yen	197,727 million yen	201,765 million yen
Less:			
Amount equivalent to accumulated depreciation	(69,048)	(64,550)	(62,854)
Amount equivalent to accumulated impairment loss	(21,703)	(21,703)	(3,198)
Net book value	108,045 million yen	111,473 million yen	135,712 million yen
Buildings and structures			
Equivalent to acquisition costs	48,224 million yen	46,999 million yen	46,991 million yen
Less:			
Amount equivalent to accumulated depreciation	(5,464)	(2,674)	(2,079)
Net book value	42,759 million yen	44,324 million yen	44,911 million yen
Property and equipment - others			
Equivalent to acquisition costs	20,215 million yen	13,604 million yen	11,961 million yen
Less:			
Amount equivalent to accumulated depreciation	(5,753)	(5,700)	(5,931)
Amount equivalent to accumulated impairment loss	(1,431)	(1,657)	(1,500)
Net book value	13,030 million yen	6,245 million yen	4,529 million yen
Intangible assets			
Equivalent to acquisition costs	10,121 million yen	2,624 million yen	2,656 million yen
Less:			
Amount equivalent to accumulated amortization	(1,802)	(1,238)	(1,372)
Amount equivalent to accumulated impairment loss	(247)	(287)	(373)
Net book value	8,071 million yen	1,097 million yen	910 million yen
Total			
Equivalent to acquisition costs	277,359 million yen	260,955 million yen	263,375 million yen
Less:			
Amount equivalent to accumulated depreciation	(82,068)	(74,164)	(72,238)
Amount equivalent to accumulated impairment loss	(23,383)	(23,648)	(5,072)
Net book value	171,908 million yen	163,141 million yen	186,064 million yen

Long-term prepaid expense relating to mainly ten year term lease contract with payment completed in initial five years which is included in "Other assets" of "Investments and other assets" in the consolidated balance sheets for the period ended December 31, 2006 and for the fiscal year ended March 31, 2006 were ¥6,118 million and ¥1,989 million, respectively.

(2) The future lease payments for capital leases at the end of each period are as follows:

	December 31, 2006	March 31, 2006	December 31, 2005
Due within one year	33,707 million yen	34,560 million yen	38,065 million yen
Due after one year	170,739	158,800	159,759
Total	204,447 million yen	193,361 million yen	197,824 million yen
Balance of allowance for impairment loss on leased assets	19,406 million yen	23,427 million yen	5,013 million yen

(3) Lease payments and amounts equivalent to depreciation and interest expense for each period are as follows:

	Nine-month period ended December 31, 2006	FY2006 April 2005 through March 2006	Nine-month period ended December 31, 2005
Lease payments	40,447 million yen	56,517 million yen	42,425 million yen
Reversal of allowance for impairment loss on leased assets	4,020	300	-
Amount equivalent to depreciation expense	31,853	44,595	33,708
Amount equivalent to interest expense	10,638	15,808	12,070
Impairment loss	-	23,727	5,013

(4) Calculation method used to determine the amount equivalent to depreciation and interest expense:

The amount equivalent to depreciation is computed using the straight-line method over the period of the capital leases, assuming no residual value except in cases where the residual value is guaranteed in the lease contract.

The amount equivalent to interest expense is calculated by subtracting acquisition costs from the total lease payments and allocated over the lease periods based on the interest method.

1. Capital leases in which the ownership of leased assets is not transferred to the lessee at the end of lease periods
(continued)

(as a lessor)

(1) Acquisition costs, accumulated depreciation and net book value at the end of each period are as follows:

	December 31, 2006	March 31, 2006	December 31, 2005
Property and equipment - others			
Acquisition costs	62 million yen	164 million yen	164 million yen
Less: accumulated depreciation	(62)	(137)	(127)
Net book value	- million yen	26 million yen	36 million yen

(2) The future lease receivables for capital leases at the end of each period are as follows:

	December 31, 2006	March 31, 2006	December 31, 2005
Due within one year	- million yen	29 million yen	40 million yen
Due after one year	-	-	-
Total	- million yen	29 million yen	40 million yen

(3) Lease income, depreciation and amount equivalent to interest income for each period are as follows:

	Nine-month period ended December 31, 2006	FY2006 April 2005 through March 2006	Nine-month period ended December 31, 2005
Lease income	29 million yen	46 million yen	35 million yen
Depreciation expense	29	41	30
Amount equivalent to interest income	0	3	2

(4) Calculation method used to determine the amount equivalent to interest income

The amount equivalent to interest income is calculated by subtracting acquisition costs from the total of lease income and estimated residual value and allocated over the lease periods based on the interest method.

2. Non-cancelable operating lease transactions

(as a lessee)

The future lease payments for non-cancelable operating leases at the end of each period are as follows:

	December 31, 2006	March 31, 2006	December 31, 2005
Due within one year	11,810 million yen	9,904 million yen	9,012 million yen
Due after one year	4,444	11,041	9,203
Total	16,254 million yen	20,946 million yen	18,215 million yen

(as a lessor)

The future lease receivables for non-cancelable operating leases at the end of each period are as follows:

	December 31, 2006	March 31, 2006	December 31, 2005
Due within one year	1,191 million yen	1,305 million yen	1,151 million yen
Due after one year	1,763	1,921	1,965
Total	2,954 million yen	3,227 million yen	3,116 million yen

INVESTMENT IN DEBT AND EQUITY SECURITIES

1. Other securities at fair value

(Millions of yen; amounts less than one million yen are omitted.)

	December 31, 2006			March 31, 2006			December 31, 2005		
	Investment costs	Carrying amounts	Differences	Investment costs	Carrying amounts	Differences	Investment costs	Carrying amounts	Differences
1. Equity securities	¥36,097	¥192,912	¥156,815	¥34,810	¥234,319	¥199,509	¥37,709	¥281,059	¥243,349
2. Debt securities:									
Corporate bonds and other debt securities	-	-	-	-	-	-	5,023	5,023	0
3. Others	225	225	0	59	59	-	18	28	9
Total	¥36,323	¥193,138	¥156,815	¥34,869	¥234,379	¥199,509	¥42,751	¥286,111	¥243,359

2. Carrying amounts of unlisted investment securities

(Millions of yen; amounts less than one million yen are omitted.)

	December 31, 2006 Carrying amounts	March 31, 2006 Carrying amounts	December 31, 2005 Carrying amounts
1. Debt securities (held-to-maturity)			
Unlisted debt securities	¥170	¥-	¥-
2. Other securities			
Unlisted equity securities	¥119,627	¥26,759	¥21,178
Money Management Fund	5,386	2,959	2,372
Investments in limited partnerships	4,669	6,494	5,962
Preferred fund certificate	2,000	2,000	2,000
Designated money trust	1,000	1,000	2,000
Others	615	614	624
Total	¥133,469	¥39,827	¥34,137